



INTERNATIONAL  
HELLENIC  
UNIVERSITY

# **The Interaction between tourism and exports and their impact on the Greek economy**

**ANTAR MAVRIDIS NIKOLAOS**

**SCHOOL OF SCIENCE AND TECHNOLOGY**

A thesis submitted for the degree of

*Master of Science (MSc) in Strategic Product Design*

February 2020

Thessaloniki – Greece



February 2020

Thessaloniki - Greece

## **Abstract**

This dissertation was written as part of the MSc in Strategic Product Design at the International Hellenic University.

One of the fastest growing economic sectors in the world is the hotel, restaurant and tourism (HRT) sector. It is very labor-intensive and it is an important vector for development and employment, especially for those who have difficulty accessing the labor market, i.e. women, young people, migrant workers and rural populations. Tourism has become an engine not only of economic progress, but also of social development. Deeply rooted in the national economic fabric, the tourism sector provides economic gains and creates jobs in the associated service sectors as well as in the manufacturing and agricultural sectors, thereby promoting diversification and strengthening the economy of the countries. A second driver that promotes economic and social development for a country is the exports sector. Exports contribute to the creation of jobs and attract investments in a country. Although the two sectors have not been examined in relation, they show signs of interrelation based on the horizontal character of the tourism sector. The scope of this assignment is to examine the relation between tourism and exports in Greece and if there is a positive relation between the two sectors. The assignment draws evidence from literature on the topics and by qualitative and quantitative data gather from national statistics and interviews with stakeholders of the tourism sector in the region of Thessaloniki. As it is shown in the findings of this research, in Greece the relation between the two sectors has always been positive especially for rural areas, where tourism acts as a key driver for the economic and social development. It is further demonstrated that in Greece, tourism has established cross-sectoral links and reduced resource leakage although significant challenges remain in order to enhance this relation such as the possibilities offered by technological advances (such as internet platforms) and shadow economy.

Keywords: tourism, Greece, exports

Antar Mavridis Nikolaos

Date

## **Preface**

Globally, tourism brings in \$ 3 billion every day, of which all countries, whatever their level of development, could receive a share. Its contribution to global gross domestic product (GDP) exceeds 5% and its annual turnover is growing faster than GDP. Tourism contributes significantly to the growth of developing countries, whose, in their turn, participation in this sector continues to grow. As an export product, it ranks fourth in the world after fuels, chemicals and automotive. In more than 150 countries, tourism is one of the top five sources of export earnings, and in 60 countries, it is the top export product. It is also the main source of foreign exchange for a third of developing countries and half of large developing countries, where it accounts for up to 40% of GDP.

Unlike most primary and secondary activities, tourism is a horizontal activity rather than a vertical one. That is, tourism is an activity that is characterised in terms of demand for products and services, while activities in the primary and secondary sectors are products of production and supply. For example, the metallurgy sector is set up by metal products companies and the cereals industry by cereal producers. On the contrary, tourism activity affects many sectors of the economy, such as transport (eg plane travel and bus transfer), accommodation (in a hotel or elsewhere), catering (in restaurants or bars in or out of residence), entertainment (including sightseeing) and shopping in stores. Thus, tourism is an activity which - in any case - concerns many different parts of a country's social and productive fabric.

Given the importance of tourism for the Greek economy, capturing its financial size is a prerequisite for formulating views and choices as to the strategy to be followed in Greek tourism for its development and resolution of the economy's problems. The present study aims to contribute to this by providing a discussion base reflecting the following Greek tourism figures: the contribution of tourism to the shaping of Greek economy GDP through detailed recording and mapping of Inbound tourism of the economy, the contribution of tourism to employment and by providing guidelines for a quantitative and qualitative analysis for the relation between the tourism and export sector of a national economy.

The structure of the dissertation will be held in seven chapters as follows:

The first chapter will introduce the reader in tourism and exports generally as well as their importance separately to the Greek economy and there will also be a briefly analysis on what will be discussed in the next chapters.

The second chapter will explain methods and practices on how both exports and tourism can be enhanced and developed.

The third chapter will be structured by an extensive analysis on external academic literature reviews that will focus on the way tourism and exports interrelate to each other and their impact on the Greek economy.

The fourth chapter will be a qualitative analysis based on focus groups.

The fifth chapter will be a quantitative analysis based on questionnaires.

The seventh chapter is one of the most important as it gather the observations and conclusions of the paper.

## **Contents**

<b>ABSTRACT.....</b>	<b>IV</b>
<b>PREFACE.....</b>	<b>I</b>
<b>CONTENTS .....</b>	<b>III</b>
<b>CHAPTER 1. INTRODUCTION.....</b>	<b>5</b>
INTRODUCTION .....	5
TOURISM IN GREECE.....	6
GREEK EXPORTS .....	6
<b>CHAPTER 2. METHODOLOGY.....</b>	<b>7</b>
INTRODUCTION .....	7
METHODOLOY .....	8
LIMITATIONS.....	10
<b>CHAPTER 3. LITERATURE REVIEW.....</b>	<b>11</b>
INTRODUCTION .....	11
TOURISM.....	11
BENEFITS OF TOURISM.....	14
<b>CHAPTER 4. QUALITATIVE ANALYSIS OF FOCUS GROUPS .....</b>	<b>17</b>
INTRODUCTION .....	17
THE NEED FOR INNOVATION OF THE TOURISM PRODUCT .....	17
QUALITATIVE ANALYSIS .....	18
CHAPTER CONCLUSIONS .....	20
<b>CHAPTER 5. QUANTITATIVE ANALYSIS .....</b>	<b>23</b>
INTRODUCTION .....	23
TOURISM REVENUES AND BENEFITS .....	23
THEORETICAL FRAMEWORK .....	26
CHAPTER CONCLUSION.....	28
<b>CHAPTER 6. CONCLUSIONS.....</b>	<b>31</b>
<b>BIBLIOGRAPHY .....</b>	<b>32</b>





# **CHAPTER 1. INTRODUCTION**

## ***Introduction***

Tourism is a necessity and an inalienable right of all individuals. It has been scientifically proven to have a positive effect on both the physical and mental health of humans, and to act as a way of escaping daily life. It is an ancient and human affair that begins with the tendency of man to see and know different places and different cultures. It is the only activity that has a truly global dimension.

Tourism is an important, if not the most important branch of economic activity, and it has undoubtedly been an important factor in the economic and cultural development of a country over the years and has greatly contributed to international solidarity and peace.

It contributes significantly to the formation of GDP in most countries worldwide both in terms of income and in terms of investment growth and employment. According to the latest figures from the World Travel & Tourism Council in 2015, 2.5 million new jobs were created directly from the tourism sector, totaling 108 million, while the direct and indirect contribution of the tourism sector worldwide created 7.2 million new jobs, up 2.6% in 2015. (WTTC, 2016)

In Greece, in terms of income generation, as well as employment and investment growth, the travel sector comes first, and by far, among all other sectors. The tourism industry is a key player in the fast-growing global economy. It also accounts for 10 to 12% of the World Gross Domestic Product. In the new macroeconomic environment that is emerging, tourism is the key to the success of each country's development and social prosperity.

Although, of course, its important role and importance should not be overlooked in tourism, it is a particularly fragile sector, well suited to international events, such as adverse economic conditions and political turmoil, as well as natural events (earthquakes, volcanic eruptions, etc.). The tourist phenomenon, as a human need to discover new worlds, to gain new experiences, and leave the place of permanent residence, is very old. It starts in antiquity, continues into the Middle Ages and the Renaissance and reaches today in a different form. At all stages of its evolution, it is linked to the evolution of modes of transport and presupposes peace, communication and organized society. (Lagos, 2003)

### ***Tourism in Greece***

In 1929 EOT "Greek Tourism Organization" was established under El. Venizelos and Law 4377/1929, which gave importance to the improvement of hotel facilities which led to the creation of some of the best and most expensive hotels in Athens, due to the first technical infrastructure works, such as tourist kiosks in various archaeological sites places. During the same period, Greek Banks offered their clients short-term financial facilities in the form of loans and subsidies for the creation of hotel accommodation in various areas of the Greek region outside Athens. During the period 1929-36 the EOT operated in parallel with the public service (Department of Foreign Affairs and Exhibitions of the Ministry of Foreign Affairs) which was created in 1914.

On the basis of a well-established policy and with the leadership of remarkable individuals it has produced important work, laying the foundations of modern tourism. It organized the first advertising campaigns, published publications as well as the first posters in two foreign languages. He also built kiosks next to archaeological sites and adopted the first technical specifications of the hotels.

### ***Greek Exports***

Greece is a traditional exporter of food, beverages and textiles. Most of its trading partners are in the EU, with the only major difference being the US. In 2009, the economy suffered due to a decrease in exports as the numbers dropped from \$ 29.14 billion (2008) to \$ 18.64 billion in 2009. The country is 65th in terms of export volume in the world, and as a result is very low in the EU rankings. Greece mainly exports the following products: Food and beverages, industrial products, petroleum products, chemicals, and textiles. On the contrary, excessive imports have always been a cause for concern for the economy of Greece. Although imports declined during the recession, volumes remained much higher than exports. So the economy had to rely on tourism, as well as remittances from expatriates to fill the trade imbalance.

## **CHAPTER 2. Methodology**

### ***Introduction***

The concept of competitiveness may seem easy to understand, i.e., the expression of a qualitative and quantitative superiority of a unit (company, city, region, destination ...) compared to a set of real or potential competitors. However, the literature on tourism considers competitiveness as a relative, multidimensional and complex concept, determined by economic, social, political, ecological and cultural variables. These variables can be quantitative such as the number of visitors, market share, tourism spending, jobs, added value generated by the tourism industry, or qualitative variables such as the wealth of culture and heritage, the quality of tourist services, tourists' overall satisfaction from the stay in the country etc.

The complexity of the concept of competitiveness becomes evident when one seeks to define and measure it. In tourism, competitiveness refers to several different aspects, namely the position of a given country as a destination vis-à-vis its competitors, the questions of price and cost of the stay for the visitor, productivity and profitability within the sector, without forgetting the ability of the sector to innovate and renew its products and services, by emphasizing quality, which must be at least as good as that of the offer of the most competitive serious. In short, to ensure the success of a destination, two essential parameters must be taken into account: competitiveness and sustainability.

These two characteristics support each other. Tourism competitiveness therefore designates the capacity of a destination to compete effectively and profitably on the tourism market and derives from its ability to preserve the quality of its physical, social, cultural and environmental resources while remaining competitive on the market. Despite the plurality of definitions that exist on competitiveness, the one that seems to us to correspond best to reality is the following: from a microeconomic point of view, the competitiveness of a business, whether tourism or not, designates its capacity to occupy a strong position in a market. To appreciate this competitiveness, the evolution of the company's market share becomes crucial. On the macroeconomic level, the competitiveness of a national economy is the capacity of its productive sector to meet domestic and foreign demand, with in the background the objective of allowing an improvement in the standard of living of the residents of the country concerned.

## *Methodology*

The purpose of this assignment is to try to establish and evaluate a link between two discrete sectors, that of tourism and that of exports. Although, initially the two sectors seem to not be easily distinguished, (e.g. distinguishing inbound and outbound tourism, real contribution of tourism in GDP), we establish this relation based on a survey of tourists and their inclination to buy products abroad after their staying in Greece during a set period.

Questionnaires are the basic instruments of research and require attention in their design. The targets of the research need to be taken into account during the research in order for the results to respond to the quality of the research. Nevertheless, factors such as unwillingness of participants to contribute to the research as well as the selection of the proper sample are to be taken under great consideration.

The structure of the questions that were asked to the tourists that visited Thessaloniki for the year 2019 were the following:

- (a) What was the reason for visiting Thessaloniki.
- (b) Overall satisfaction from the amenities offered by the city.
- (c) Once returned to their countries, willingness to buy a product from a company from Thessaloniki.
- (d) Once returned to their countries, willingness to buy a product from a company from the region of Central Macedonia.
- (e) Once returned to their countries, willingness to buy a product from a company from Greece.

Questions that were presented to hotel managers in the region of Thessaloniki were the following.

- (a) Do you use local/national products for the tourists that stay in your hotel.
- (b) What is the overall perception of the tourists for Greek products or services.
- (c) What is your perception for the relation between tourism and exports.

Each question was to provide a free answer, meaning that the respondents could write a free text in order for the researcher to identify the reasons of the visit, as well as the overall satisfaction of the visit. In turn, this overall satisfaction and willingness to

buy Greek exports is translated in the form of a brand recognition as a “name, definition, brand, symbol design, or a combination of all to identify the products and services of a store or seller or multiple sellers to differentiate this product from their respective counterparts. antagonists (Kotler et al., 2002: 469).

According to Keller (2003), consumer knowledge of the brand can be defined on the basis of personal meanings stored in the consumer's memory, which relate to descriptive characteristics and information relevant to brand evaluations about the brand. Different sources and levels of knowledge, such as cognition, characteristics, benefits, images, thoughts, feelings, attitudes, and experiences are related to a brand and its understanding by the consumer. Keller (1993) further demonstrates that the term brand image refers to all the associations associated with the brand and consumers retain it for a period of time.

This quantitative analysis helps us to respond to the following questions which constitute the research questions of this assignment.

- (a) How tourism affects the Greek economy (Literature)
- (b) How exports affect the Greek economy (Literature)
- (c) How can we meliorate both exports and tourism in order to enhance the Greek economy (Literature)
- (d) Which is the interaction between tourism and exports and how are they interdependent (Qualitative research)
- (e) Which is the impact between the interaction of exports and tourism on the Greek economy (Quantitative research)
- (f) How can the interaction between exports and tourism affect the Greek economy positively (Literature)

The answer to these questions is important because millions of euros or dollars are spent each year by tourism authorities on promotion and/or investment without examining the causal relationships between these two variables. It is therefore imperative to determine the relationship between tourism and competitiveness in order to correct any mistakes made in terms of marketing positioning and strategic orientation of the sector. The first section is devoted to an analysis of the very concept of competitiveness, its definition and its main applications.

### *Limitations*

This assignment is limited in terms of sample size and geographical locations. Moreover, in order to better assess the image of the tourist destination to the visitors of the country, this needs to be done for a longer period of time in their countries of origin. Nevertheless, the selection of a city such as Thessaloniki to gather the sample can demonstrate additional advantages in the research such as:

- (a) This is a region that is not heavily dependent on tourism, since it is also an industrial center, thus the connection between tourism and exports can be more easily assessed.
- (b) The city has demonstrated heavy touristic development in the past, while her visitors are from countries that are considered as target exports for the national economy (e.g. Russia, Turkey, Balkan countries)
- (c) Because of her commercial center, the city is an attraction for visitors from near Balkan countries that stay for a day during their shopping.

## **CHAPTER 3. Literature Review**

### ***Introduction***

The scope of this chapter is to provide a literature review on the definition of tourism. This will assist in the definition of the first variable of this research.

### ***Tourism***

For many decades, various definitions of "tourism" have been provided by researchers and practitioners. The first definition was given by Hunziger and Krapf in 1942 and was as follows: "Tourism is the sum of the relationships and phenomena that arise from traveling to a place and staying foreign to that place, provided that the stay is not permanent. and therefore no income-generating activity is pursued" (Koutoulas, 2001). Kaspar in 1971 states: "Tourism is the sum of the relationships and phenomena that arise from the travel and stay of individuals in a place, which is neither the principal and permanent place of residence nor the principal residence for such persons. and a permanent place of work" (Koutoulas, 2001).

Medlik and Middleton (1973) perceived the tourism product as a combination of 5 activities, products and services that constitute the overall tourism experience. These five items were destination sights, access, destination facilities, images and price. Jefferson and Lickorish (1988) provide two views on the tourist product, one brief that the tourist product is a satisfaction activity in a desired destination, and the second that the tourist product is a collection of physical features and services along with symbolic links, that are expected to fulfill the wishes and needs of tourists.

Lewis and Chambers (1989) propose another definition, emphasizing that the tourist product is made up of goods, the environment and services, and that it can be observed from three different levels. The 'official product' means the product that the tourist thinks he / she buys, the 'main product' that the tourist actually buys, and the 'augmented product' which is a combination of the main product plus any features and benefits provided by the supplier and increase the value of the product.

Smith (1994) finally concluded, taking into account all the studies done in previous years that the tourist product is a product consisting of five elements. These elements were a) The setting up (natural resources, sights, weather, hotels,

infrastructure, population etc.), b) the needs and desires services (benefits, food, staff etc.) c d) the freedom of choice (a range of choices depending on the purpose of the trip) and e) the synthesis (where the visitor is physically and mentally involved).

At the International Statistics Conference in Ottawa, Canada in June 1991, with more than 250 participants from 90 countries, the WTO. adopted the following definition: "Tourism is the activities of people who travel and reside in places outside their normal environment for no more than one continuous year for leisure, business and other purposes". The definition given by the United Nations is as follows: "A tourist is any person who travels outside the country of his permanent residence for a period not exceeding twelve months and whose principal purpose is other than the pursuit of activities. and staying in some form of accommodation for at least one night."

To complete the concept of the tourist concept, the official definitions given for the concepts of visitor, tourist and excursor will be mentioned. The need that gave rise to the three approaches relates to the visualization and statistical monitoring of tourist activity (UNWTO, 2007). A tourist is any visitor who stays in a country for more than 24 hours and spends at least one night for one of the following reasons: business obligations, conferences, exhibitions, family friends, health, holidays, entertainment, business meetings, missions, leisure, relatives, religion, sports, studies or holidays. (Tsartas, 1996)

Buhalis (1999) states that tourist destinations are a mix of tourism products and services offered under the name of a tourist destination and most consist of the following elements: (a) Tourist attractions (natural, man-made, artificial, built to serve specific purposes, heritage, special events), (b) Accessibility (the entire transport system consisting of routes, stations and vehicles). (c) Services (accommodation, dining facilities and other tourist services), (d) Available packages (pre-arranged packages from intermediaries and leaders), (e) Activities (all activities available at the destination and what consumers will do when they visit) and (f) Ancillary services (services used by tourists such as banks, telecommunications, post office, etc.)

As mentioned above, tourism can be divided into many types/categories based on the scope of the visit by the tourist. In addition to the above forms which are the most basic, there are new alternative forms of tourism created mainly to cope with the adverse environmental and social impacts that have the basic tourism.



Some of which are the following:

- (a) Agrotourism as a form of tourism that relies on environmental resources. It is divided into two types: (i) agro-tourism which covers the accommodation of tourists on farms where visitors participate in the life of farmers and rural activities in general and (ii) agrotourism which offers regular holiday accommodation in rural areas. In agrotourism the tourist has the opportunity to get acquainted with rural areas, rural activities, rural activities, daily life of the inhabitants, traditional cuisine, to get in touch with nature in general and to enjoy the joy of browsing and discovering.
- (b) Conference: characterized by moving many people with common interests to a destination in order to exchange information and information on certain topics. Participants have a professional background and can be informed about innovative work methods or new products, etc. and are usually of limited duration. The tourist destination in general, is directly linked to the organization and participation in conferences, seminars and exhibitions. In recent years, conference tourism has grown rapidly and forms an important part of the international tourism market.
- (c) Incentives: This is a form of tourism used by industries and businesses as a motivation for their salespersons' high performance and concerns both staff and managers. Specifically, incentive tourism is defined as what employees do when they receive a tourism package as a gift for their increased productivity. This form usually has a limited duration of 3 to 5 days usually.
- (d) Sports: associated with such forms of active and passive participation in sporting events. Participation can be random or organized, for business purposes or for any other reason. It is divided into two categories: (i). actively participate in sporting events or competitions, such as golf, tennis, football, basketball, rowing, etc. (ii). watching European and World Cups and tournaments, the Olympics and major international health tournaments. It is a form of tourism that is constantly evolving and usually involves senior citizens looking for alternative ways to restore their physical and mental health.

- (e) Adventure: one of the most interesting alternatives as it combines everything, exploration, adventure, fun, and generally engaging in new activities. It is mainly aimed at young people with good fitness and appetite for adventure. The most popular adventure activities: Hiking, kayaking, rafting, climbing, diving, cycling, skiing, horse riding etc. Religious: mainly refers to people who want to visit religious destinations that are either in their own country or in some other country, to attend religious events or for worship.

### ***Benefits of Tourism***

Tourism can have various benefits on the development of regional or national economies. Additional investment in the creation and improvement of infrastructure projects can be made for the purposes of tourism development. By infrastructure we mean all kinds of projects called social capital, which assist national production and affect the whole economy like e.g. projects related to transport (roads, railways, ports, airports, etc.), water supply, sewerage, telecommunication, electricity, etc.

Tourism, being an important sector of the economy, is a powerful factor in generating these investments. The creation of new installations of this type, usually by state agencies, are the investments that help to make economic activities better and more economical, while at the same time helping other sectors. The creation of e.g. a marina at a seaside tourist destination will also assist local fishing, the creation of an airport or train station will facilitate the easy transportation of all locals and more.

An important benefit arising from tourism is the improvement of the national Balance of Payments. Foreign exchange receipts from incoming tourism, which are very important in our country, help to cover the 51.2% (ELSTAT, 2015) deficit of the trade balance (payments and receipts for imported and exported goods). If this were not the case, we would either be forced to cut imports and increase exports, which is very difficult.

Specifically for the islands or villages in the rural Greece, tourism can assist in a regional local development. Tourism contributes to the development of isolated, mountainous or degraded areas, which have traditionally been characterized by low levels of growth and incomes. Tourism has provided these areas with an alternative area

of activity by increasing residents' income, employment and investment, thereby raising living standards and reducing migration.

However, it must be noted that the economic benefits will not be enough if the expenses incurred by tourists are leaked to other countries. A significant portion of these expenses is collected as income from foreign businesses, eg. foreign airlines, tour operators who own the lion's share of the revenue and whose headquarters are in the regions from which the tourists come, not in the host countries. At the same time tour operators are pushing and achieving very low prices mainly from hotel units which, among other things, often have to provide almost all the services themselves (from food, beverages, entertainment, shopping, spa etc.) which has as a result, profits will be limited to local businesses.

Another part of tourism revenue is channeled to imported goods (such as food, beverages) to the detriment of the locals. Another phenomenon that has been occurring in our country in recent years is the increase in the imported labor force. Many hotel units replace existing staff (permanent residents) with staff from other countries (mainly from countries with little development). They do this to reduce business expenses by giving very low salaries, which in turn results in money being spent in our country being transferred and spent in other countries.



## **CHAPTER 4. Qualitative Analysis of Focus Groups**

### ***Introduction***

The promotion of tourism in Greece is based on the concept of an attractive destination thanks to the landscapes, the clean beaches (receiving the "blue flag"), the mild climate, the historical heritage, as well as the hospitality of the Greeks. In order to promote these assets more effectively, since the 1960s, the political powers responsible for tourism programming have turned to the promotion of the archaeological and even spiritual heritage and the natural side of the country.

More precisely, it is the history of antiquity, the preservation of historical monuments, the transmission of ideas, values or philosophy having its sources in a recognized past which constitute the essential axis of tourism promotion. In addition, environmental benefits are also highlighted, such as natural beauty and the variety between the islands and the mainland, the quality of the sea water (416 beaches and 8 navies have the blue flag). During the past decade, promotion actions have turned towards the image of a traditionally historic country, as part of a modernized world which takes advantage of its active role at the international level.

Hence the shift to tourist campaigns that open up to more distant horizons, such as Japan, China, and Russia by wishing to draw attention to the various options of activities and existing leisure activities in Greece. The campaign launched for the 2009-2010 period, targeting tourists from abroad, can be summed up on the "Greece The True Experience" logo with nine thematic areas: sun and sea, cultural tourism, maritime tourism, seaside tourism, health and wellness tourism, religious tourism, gastronomy, business tourism and city tourism (Athens and Thessaloniki). In addition, there is the "Greece" logo. 5000 Years Old "which highlights the history of Greece, and which will be accompanied by the message" A Masterpiece you Can Afford ". With this message, the Ministry of Tourism wishes to persuade tourists that Greece, during the global economic crisis, remains a destination accessible to all.

### ***The need for innovation of the tourism product***

As for the innovation introduced in the promotion of Greek tourism, new technologies and in particular the Internet give the possibility of having a first image of

virtual excursions in the sectors of Greek tourism, for general information, civilization, history, activities and sightseeing. The promotion of tourism is also reinforced by the launch of tourist sites, linked rather with the private sector, on international search machines providing information on tourist information and the country.

This promotion is more accessible to potential tourists who come from countries more or less distant by distance, mentality and/or culture. An important example demonstrating this shift is the electronic tourist guide “Greek Tourism” at the international level which offers detailed information on accommodation and online reservations. According to the most recent statistics available, businesses involved in tourism make extensive use of computerization and new technologies since 83.4% of hotels use the Internet for reservations. The percentage of companies that have created an advertising page on the internet is 88.9%, for the 11.1% who do not yet have this strong promotion, 68.8% intend to create it in the close future.

### *Qualitative analysis*

A qualitative analysis on the relation of tourism and exports can be formed on the following questions 1. what is the profile of the city visitors, their demographic characteristics and preferences. 2. if they are satisfied with the existing tourist product of the city 3. what is the image the city presents to its potential visitors and also what the real picture is created after a visit to Thessaloniki that results in the tourist character of the city. 4. Whether the visitors will recognize the brand of products or place when in their country.

One site involves many stakeholders, both private and public. Often these operators do not come into direct contact with the tourists of an area and so it is reasonable that they cannot invest in a relationship of trust between them (Garcia et al., 2011). It is also impossible to have a common line between them because their interests often are in conflict (Zenkerk et al., 2016).

The following table demonstrates the responses of 120 tourists interviewed in Thessaloniki for the reference period during the summer of 2019 on the question of easily identifiable brands of the region of Thessaloniki. Out of the 120 tourists, all replied that they had an extremely positive experience of their staying while mentioning

the usual problems of the tourist infrastructure in the city such as city transportation or hotel infrastructure availability. The question is structured as follows:

***Q1. If you are overall satisfied by your staying in Thessaloniki, what is an easily recognizable landmark, brand or product that you will remember when returning home (chose only one).***

Brands/Locations	White tower/historical landmarks - monuments	Market	Fish/food/drinks/nightlife	Chalkidiki sea
Responses	25%	4%	65%	6%

The responses to the above questions indicate an initial assessment of the brand that a location has to offer concerning her reason of attractiveness. The participants to these questions were all leisure tourists that had scheduled a longer than 3-days visit to the city and came from various national backgrounds.

***Q2. If more expensive than a substitute, how possible is it in the following period after you return home, to seek for a greek product that will remind you of your staying in Thessaloniki in supermarket or online shopping.***

Possibility	Low	Medium	High	Very High
Responses	12%	25%	30%	33%

The responses to the above questions (66% high possibility of buying a product in order to remember this tourist experience) demonstrate the high willingness of the participants to buy Greek products in a foreign market, although being more expensive than national.

***Q3. How possible is to recommend a Greek product to a family member or friend based on your tourism experience in Thessaloniki.***

Possibility	Low	Medium	High	Very High
Responses	4%	15%	35%	46%

It is further noted that hotel managers who participated in the survey stated on average that they use approximately 90% of the products in their hotel from Greek origin (e.g. food in their restaurant) in order to “provide a full tourism experience” to their customers from Greece.

***Chapter conclusions***

The promotion of tourism is based on the guarantee of the country which is reflected in Greek culture and history. Indeed, the new types of tourism attract a limited number of rich tourists who spend their holidays without leaving the large luxury infrastructures. To compensate for the losses of such investments, the tourism sector turns to the promotion of everything that makes up the culture and civilization of Greece. Antiquity, history, philosophy, religion, traditions characterize it as the cradle of culture, which often seems exotic to those who come from distant countries. Thus, the regions of the Greek territory having historical/archaeological and traditional sites attract the majority of tourists with a more or less significant gain for the economy firstly local and then national.

It is noteworthy that when at least the origin of a particular product is known, the buying behavior of the public is affected (Keller, 1993). People who promote a product research the needs, wants and identities of the consumer and the visitor. They then provide the necessary information to it, identifying and highlighting the strengths of the product and correspondingly improving or downgrading its weaknesses. Consequently, the creation of a Brand reflects both the role of the consumer of those of the other people involved, or even of the entire business in it.

It is commonly accepted that people have always wanted to know, on the one hand, the producers and the origin of each product or service they produce or offer, and on the other, to learn as much as they can about the product they are consuming in order to ensure for themselves with their judgment or their general knowledge, the safest



choice, for example in terms of their health, or even to draw their own conclusions by knowing only the origin of the product (Liu et al., 2002).

Several examples illustrate this point such as the creation of a variable to measure the cultural preferences of tourists, the implementation of a methodology to measure the range of quality behind the values of a tourist flow, the creation of a database with geolocation information to test the effects of environmental amenities on the tourist attractiveness of a destination, the use of portfolio management techniques to measure the tourist efficiency and performance of a destination, etc.

The objective with the use of quantitative methods in tourism economics is to provide some precision in these results. For example, the hedonic price method provides a price for each of the characteristics tested such as the portfolio management method that measures the expectation and the risk to be optimized for a destination. In this research, it is demonstrated that in a setting such as the Greek one, research needs to take into account specific locations and not the Greek context in general.

For example, a tourist that visits an island or a remote mountainous village, may later on seek to buy in his/her national market a traditional product that will come from this island. This trend, although may have a small impact to the exports sector in general can have strong positive results to small, usually family-owned companies, that seek to expand the exports of their products.



## **CHAPTER 5. Quantitative Analysis**

### ***Introduction***

The scope of this Chapter is to present the quantitative analysis of the relation between tourism and exports. It draws evidence from previous research that relates tourism revenues and economic development of a country.

Tourism includes all providers of tourism products, but also those that cannot be characterized as such, but the products they offer are more or less necessary for tourists during their short stay in a tourist destination or even and when they move from the place where they permanently reside in the tourist destination of their choice and vice versa. We can say that tourism is the whole world of the tourism industry, that is, of attractions, accommodation, means of transport and in general all tangible or intangible products that satisfy the tourist needs or desires of the people. And yet it is the sum of the total tourist expenditure incurred within the borders of a country or its administrative subdivision.

### ***Tourism revenues and benefits***

In 2018 Greece received almost 30.1 million tourists, residents of other countries (“Non-Residents”), and received almost € 15.9 billion for their holidays, almost the same as in previous years. Seasonality of arrivals and revenues indicate the dependence of our country's tourism on the dominant product - at the European level – which is Sun & Sea, as 80.2% of arrivals are recorded from the beginning to the end of the summer season (April - September) and 84.4% of revenue. In particular, 54.8%/58.2% of arrivals/revenues are recorded in the third quarter of the year and 25.4%/26.2% of arrivals/revenues in the 2nd quarter of the year, which marks the beginning of the start of the tourist season. For the 1st and 4th quarters of the year, both arrivals` revenue is comparatively lower, with 6.0% of arrivals and 3.5% of revenue arrivals in the first quarter and 13.8% of arrivals and 12.1% of revenue in the fourth quarter.

The contribution to GDP is significant since the financial contribution of tourism to national economies continues to increase each year. In 2014, tourism contributed 20% to 25% (country's GDP (€ 13,393 million). Tourism increased the state's tax revenue due to the large number of tourism businesses and the large number of tourism

employees. Tourism contributed in 2010 5% of state revenues from indirect taxes (IOBE, 2012), which is estimated to have increased significantly due to the recent development of tourism, amid widespread recession in the Greek economy. In addition, social security contributions amounted to € 640 million (a 19% increase over 2013), creating 115,000 new jobs (July 2014) (SETE, 2014).

It is in this context that several studies have addressed the problem of tourism competitiveness. These studies are mainly divided into two themes: determinants and assessments of the competitive performance of destinations. Regarding the competitive performance of destinations, some authors have proposed models for assessing the tourism competitiveness of destinations such as Alawi and Yasin (2000), Dwyer et al. (2000, 2001), Mangion et al. (2005), Mazanec et al. (2007), Craigwell (2007), Dupont (2008), Archibald, Lacorbiniere and Moore (2008), Jackman et al. (2011).

Regarding the determinants of tourism competitiveness, work has focused in particular on the specific factors influencing tourism competitiveness (Dwyer et al., 2004; Enright et al., 2005; Gooroochurn et al., 2005; Mangion and al., 2005; Mazanec et al., 2007; Rodriguez-Diaz, 2008). Most of this work was done in a static setting.

Year	% participation of tourism on GDP	Total revenues from tourism (billions of EUR)
2012	16,4	10504
2013	16,37	12152
2014	17,3	13393
2015	18,5	14125

Figure 1. Contribution of tourism to GDP based on SETE and National Bank of Greece

In larger destinations, particularly in developed countries, tourism is a sector of activity which involves various actors, ranging from the public authorities to the main players in the private sector. These different actors create links between them, upstream and downstream, which have an influence on growth and economic development.

According to UNCTAD (2013), the contribution of the tourism sector to economic growth, job creation, national capacity building and poverty reduction depends on the following factors:

- (a) The extent to which the tourism sector is integrated into the national economy due to its upstream and downstream relationships with other sectors and its integration into regional and global value chains;
- (b) The extent to which tourism revenues, including foreign exchange, are used to finance infrastructure development, support local businesses, especially small and medium-sized enterprises (SMEs), and develop the skills and institutions needed to create a dynamic local economy;
- (c) The policies and strategies adopted by public authorities and the extent to which they encourage increased domestic and foreign investment in tourism and the transfer of technology and know-how, thereby promoting labor activities 'work, and targeting the regions in which a poor population lives and works;
- (d) National efforts to ensure that tourism activities are carried out in a sustainable manner and meet economic, social and environmental objectives.

According to IOBE (2012), every € 1.0 that creates a tourism activity generates an indirect and induced additional financial activity of € 1.2 and thus, in total, generates € 2.2 for the GDP. That is, the multiplier of the tourism activity is 2.2. According the above, the resulting tourism multiplier for the Greek tourism economy amounts to 2.65, which means that for every € 1.0 of the tourist activity, indirect tourism is created. The resulting additional financial activity is € 1.65 and thus, overall, GDP is increased by € 2.65. Thus, the multiplier of the tourism activity is between 2.2 and 2.65.

According to ELSTAT's estimate, the country's GDP, at current prices, stood at € 184,714 million in 2018, up by + 2.5% compared to 2017 (€ 180,218 million), and comparing them with the country's GDP shows the following picture: Tourism's direct contribution to GDP formation rose to 11.7% or about € 21.6bn. 1bn, ie between 25.7% of GDP and 30.9% of GDP.

In the absence of data on the regional distribution of total tourism expenditure, its estimation is approximate, based on the distribution of incoming tourism revenue as illustrated by the Bank of Greece Border Survey. These data are compared to the GDP estimates of each Region, taking into account both the GDP of 2018 and the latest %

distribution available (2016 data). However, the participation of tourism in the formation of the GDP of the South Aegean (97.1%), the Ionian Islands (71.2%) and Crete (47.2%) is impressive. Also interesting is the fact that — with the exception of Attica — the South Aegean, with its main economic activity in tourism, has the highest GDP per capita while Crete and the Ionian Islands also have the highest.

Tourism is one of the country's most important sources of revenue balancing the Balance of Payments. Specifically, for 2018 travel receipts accounted for 72.0% of the Goods Balance deficit (versus 74% in 2017). Even if aviation, cruise etc. revenue is taken into account, which the Bank of Greece calculates in other balance of payments codes, then the contribution of incoming tourism to the goods balance of payments deficit reaches 81.0% (versus 82% in 2016).

Tourism in 2018 accounts for 50.0% (versus 52.0% in 2017) of all export receipts of any kind of goods made by the country. If these revenues also include transport revenues, then the total equals 56.0% (versus 58.0% in 2017) of goods export receipts. If exports of goods and fuels are subtracted from exports of goods, then the percentage of tourism revenue equals 73.0% (as of 2016) of total exports of goods. Also, if we take into account tourism receipts and transport, the rate of receipts equals 82.0% (as of 2017) of the receipts from exports of goods made by the country other than ships and fuel.

### ***Theoretical Framework***

The studies on the relationship between tourism development and economic growth can be divided into three groups: half of these studies use in their approach, regression analysis as well as the Granger causality test, notably the works of Balaguer and Cantavella-Jorda (2002), Durbarry (2004), Dritsakis 2004), Oh (2005), Kim et al. (2006), Lee and Chang (2008), Brida et al. (2008), Chen and Chiou-Wei (2009), Tang and Jang (2009), Belloumi (2010), Lean and Tang (2010), Kasimati, 2011; Kreishan (2011), Tang (2011a, 2011b), Ridderstaat, Croes and Nijkamp (2013).

The tourism variables used in this type of studies are not all identical. For example, Oh (2005) used tourism revenues as a proxy for tourism specialization, while Kim et al. (2006) as well as Lean and Tang (2010) used tourist arrivals as a variable of tourist concentration. The World Tourism Organization (WTO) reports that in times of

crisis, the relationship between tourist arrivals and tourism receipts is often skewed. These two variables due to the economic situation do not necessarily evolve in the same direction. In this case, tourism receipts are often more affected than tourist arrivals (in the event of a crisis, there is a downward trend in the consumption expenditure of visitors).

However, it should be noted that over a given period, the coincidence in a destination of a high level of competitiveness and a decrease in tourism expenditure (and vice versa) is quite possible, since tourism expenditure is a cyclical phenomenon which generates, depending on the economic situation, sometimes upward movements in tourist receipts, sometimes downward movements. As a result, this cyclical movement is likely to influence the productivity of the sector and therefore its competitiveness. Hence the interest in examining, using an econometric analysis, the long-term empirical link that may exist between the two variables.

Based on the above, it is difficult to establish a causality link between tourism and exports since the factors that affect both sectors can be overlapping and not easily identifiable. Of course, according to Barbarello Stellio, the existing tourism statistics of even the most developed countries are characterized as incomplete, not completely reliable, while their homogeneity is considered limited. Almost no country has a systematic methodology for collecting tourist information. Mc Ewen emphasized in 1971 that international tourists are characterized by three common actions: 1. They cross international borders. 2. Transfer their national currency into foreign currency. 3. During their stay, they reside in the tourist accommodation of the host country. Each of these actions individually offers the possibility of statistical recordings. If neither of the methods adopted is completely reliable, however, an acceptable picture may emerge from the correlation of their results. The statistical recording of tourist arrivals at a country's border, which is partly facilitated by the widespread acceptance of the definition of tourist, is essentially intended to answer the tourist's common actions in numbers 1 and 3.

## ***Chapter Conclusion***

Given that bilateral data on exports and imports of tourist services are relatively scarce, it is usually necessary to make this choice to use samples from small countries. Intra-branch trade is a characteristic of developed countries located in regions of regional economic integration (and in particular the countries of the European Union). It is therefore not surprising that within the European Union, there is a high proportion of intra-tourist trade. Perhaps this phenomenon does not have the same weight in other regions of the world. It would be interesting to be able to measure the intensity of intra-tourist trade in other regional economic integration zones and also between countries belonging to different regional zones.

Since the tourism sector does not generate as much foreign direct investment as other sectors, but also because a destination cannot be a delocalized product, it has long been assumed that tourism was not affected by the phenomena economic growth brought about by globalization.

However, tourism is not a single product but a combination of activities and services. It is produced using many heterogeneous activities which are combined through multiple sequential steps. For example, according to the definition of tourism satellite accounts, 12 sectors are included in the characteristic tourism activities: (1) hotels and similar establishments, (2) properties of second homes, (3) restaurants and similar establishments, (4) rail transport of passengers, (5) passenger road transport, (6) passenger water transport, (7) passenger air transport, (8) ancillary passenger transport services, (9) rental of passenger transport equipment, (10) travel agencies and similar activities, (11) cultural services, (12) sporting and other recreational services.

Similarly, according to Sinclair and Stabler (1997, page 58), the tourism product is a “composite product which involves transport services, accommodation services, rental services, natural resources, recreational and recreational services and other services and amenities such as shops and banks, travel agencies and tour operators'. All these components are technologically separated and are independent but sequentially linked by a chain of added values with, as the final product, the tourism product itself.

It is important to understand that when an individual bought a tourist stay from a tour operator, the latter had to buy upstream a combination of travel products, including at least one of the tourist services mentioned above. In addition, even if the tourist



composes the trip himself, an assembly activity is still necessary (in this case, it is the tourist himself who performs it). He then buys segments from other sectors that produce them. It is enough that a segment is produced in another country, so that we have a situation of international division of tourist production (DIPT), that is to say that the sequential process has been split into several production components, located in different countries.

The World Tourism Organization adds that it would also be useful for each country to have statistics on the socio-economic characteristics of international visitors, such as age, gender and occupation. These elements would be important tools for carrying out research and analysis on tourism markets and planning tourism development. It is well known that tourism is the first wealth-generating resource of our national economy, while safeguarding most jobs from every other sector. After all, a variety of other economic activities are directly or indirectly dependent on it. In some areas of our country, such as the islands, tourism is the sole occupation of the inhabitants.



## **CHAPTER 6. Conclusions**

The contribution of tourism to GDP exceeds 18.5% in 2016 in Greece, while the total contribution of tourism to employment in Greece is estimated at 23.4% of total employment, 1 in 5 residents working in tourism related professions. Tourism is the third largest employer in our country with 44% to 49% of employed persons belonging to the age group of 30 to 44 years, while in relation to the sex 58.1% of the total employment is occupied by men. against 41.9% of women, except for accommodation services where the share of women is higher with rates ranging from 54.5% to 59.4% than that of men occupying 40.6% to 47.4% %. (SETE, 2015)

The main features of the Greek tourist product are the sun and the sea, the mild climate combined with the large number of islands and the endless beaches have made Greece one of the most popular destinations for leisure and summer vacations.

Nevertheless, shortbacks of the Greek economy have affected the tourism sector in the past. We must tackle anti-competitive business practices which, by increasing transaction costs and harming the quality of local goods and services, hamper the development of the tourism sector. The absence of competitive markets can greatly compromise the establishment of links between the tourism sector and other industries. For example, a monopoly situation in telecommunications or the energy sector can translate into high prices, poor services and irregular services. The lack of competition in the financial services sector is causing high prices for credit and therefore investment for local tourism service providers. The absence of a competitive airline or inland transportation sector results in higher airfares and the cost of domestic travel. Thus, to combat anti-competitive practices, the competition authority, the state and economic actors must work together to establish competition law and policy.

Anti-competitive business practices in domestic markets can significantly reduce the net economic benefits from tourism. Economic leakage can be significant when tourism receipts are transferred abroad, especially by foreign companies, and when the share of imported goods and services in local tourism products is high. In addition, an uncompetitive local private sector risks preventing the local tourism value chain from developing and damaging the multiplier effect of tourism. To reduce economic leakage, destination countries must strengthen their investment and production capacities at the local level.

In this research, an effort to establish the link between tourism and exports in Greece has been made. It is shown that tourists visiting Greece are willing to seek Greek products in their national markets in order to remember the experience that they lived during their stay in the country. Nevertheless, due to the complexity of the tourist sector in the country and the numerous actors involved in it, it is difficult to establish a link based on a quantitative analysis between the two sums.

## **Bibliography**

- Κούτουλας, Δ. (2001). *Ο θεωρητικός προσδιορισμός του τουριστικού προϊόντος ως βασική προϋπόθεση του τουριστικού μάρκετινγκ*. Χίος: Πανεπιστήμιο Αιγαίου
- Adamou, A. and S. Clerides (2010). "Prospects and Limits of Tourism-Led Growth: The International Evidence", *Review of Economic Analysis*, 3: 287-303.
- Andereck, K.L., Valentine, K.M., Vogt, C.A., Richard, C. and Knopf, R.C. (2007): «A Cross-cultural Analysis of Tourism and Quality of Life Perceptions», *Journal Of Sustainable Tourism*, Vol. 15 (5), pp. 483-502
- Bull, A. (1995). *The Economics of Travel and Tourism*, Longman, South Melbourne.
- Cortés-Jiménez, I., M. Pulina, C. Riera i Prunera and M. Artis (2009). "Tourism and Exports as a means of Growth", *Working Papers 2009/10, Research Institute of Applied Economics*.
- Croes, R. and S.R.M Vanegas (2008). "Cointegration and causality between tourism and poverty
- Crouch, G.I. and J.R.B. Ritchie (1999). 'Tourism, competitiveness, and societal prosperity', *Journal of Business Research*, 44(3): 137-152.
- Dritsakis, N. (2004). "Tourism as a Long-run Economic Growth Factor: An Empirical Investigation for Greece Using Causality Analysis", *Tourism Economics*, 10(3): 305-316.
- Durbarry, R. (2004). « Tourism and Economic Growth: The Case of Mauritius », *Tourism Economics*, 10(4) : 389-401.
- Dwyer, L., and Kim, C. (2003). "Destination competitiveness: determinants and indicators", *Current Issues in Tourism*, 6(5): 369-414.
- Enright, M.J., and J. Newton (2004). "Tourism destination competitiveness: a quantitative approach", *Tourism Management*, 25(6): 777-788.

- Jefferson, A., & Lickorish, L. (1988). *Marketing Tourism: A Practical Guide*. Harlow, Essex: Longman
- Kasimati, E. (2011). "Economic Impact of Tourism on Greece's Economy: Cointegration and Causality Analysis", *International Research Journal of Finance and Economics*, 79: 79-85.
- Keller, Kevin Lane (2003). Brand Synthesis: The Multidimensionality of Brand Knowledge," *Journal of Consumer Research*, 29 (4), 595-600.
- Keller K., Aperia T. and Georgson M., (2008), *Strategic brand management a European perspective*. Pearson Education Limited Kelz A. and Bloch B., 1993. *Global Branding: Why and How?*. *Industrial Management & Data Systems*, 93(4):11 –17λ
- Lewis, R.C., & Chambers, R.E. (1989). *Marketing leadership in hospitality*. New York: Van Nostrand Reinhold.
- Lickorish, L. and Jenkins, C. (1999): «An Introduction to Tourism», Oxford: Buittenworth Heinemann
- Liu Wen-Ling, 2002. Advertising in China: product branding and beyond. *Corporate Communications: An international Journal*, 7(2):117-125
- Mathieson, A. and Wall, G. (1992): «Tourism: economic, physical and social impacts», Longman.
- Medlik, S., & Middleton, V.T.C. (1973). Product Formulation in Tourism. *In Tourism and Marketing* (vol. 13). Berne: AIEST.
- Rodriguez-Diaz, N. (2008). "A modem of strategic evaluation of a Tourism destination based on internal and relational capabilities", *Journal of travel research*, 46(4): 368-380.
- Smith, S. (1944). The tourism product. *Annals of Tourism Research*. Volume 21, Issue 3, pages 582-595
- Tang, C., & Jang, S. (2009). « The Tourism-economy Causality in the United States: A Sub-industry Level Examination », *Tourism Management*, 30 : 553-558.
- UNWTO. (2010). *UNWTO World Tourism Barometer*. World Tourism Organization.
- Williams, A. and Shaw, G. (1991): «Tourism and economic development: Western European Experiences», London: Belhaven Press.



